



# **The U.S. Trade Agenda**

*Creating and Maintaining  
Opportunities for U.S. Agriculture*

*The Committee on Agriculture*

*U.S. House of Representatives*

**Robert B. Zoellick**

**U. S. Trade Representative**

**April 28, 2004**

# Overview

- **Expanding trade through multiple initiatives:**
  - **A global WTO agreement**
  - **Regional initiatives**
  - **Bilateral FTAs**
  - **Enforcement of trade laws and agreements**
  - **Worker adjustment and education**

# Putting TPA to Good Use

*Highlights of 2003-2004 to date*

- **Completed and passed:**
  - Singapore and Chile
- **Launched and completed:**
  - Australia, CAFTA + D.R., Morocco
- **In progress:**
  - Southern Africa, Bahrain, Panama
- **About to start:**
  - Thailand, Andeans
- **Advanced regional initiatives in Middle East, SE Asia**
- **Miami framework to advance FTAA**
- **Doha WTO:**
  - Cancun was a missed opportunity
  - 2004 need not be a lost year

# Staying Vigilant

*Enforcement is at the Heart of our Work*

- **Our goal:** effective results, as quickly as possible
- **Recent gains for U.S. agriculture:**
  - **Beef:** reopened Mexico's market, working on Japan, Korea, & China
  - **HFCS:** filed WTO case against Mexico
  - **Almonds:** reopened India's market
  - **Cotton/Soybeans:** expanded U.S. exports to China
  - **Wheat:** U.S. calls for reform of Canada's practices
  - **Poultry, pork, and beef:** negotiated access to Russia; finalizing details
  - **Apples:** won WTO case against Japan
  - **Hogs:** settled dispute with Mexico to expand market
- **Our enforcement toolbox:**
  - Persuade, explain, build local support, offer incentives, provide assistance, deploy disincentives, negotiate – and litigate

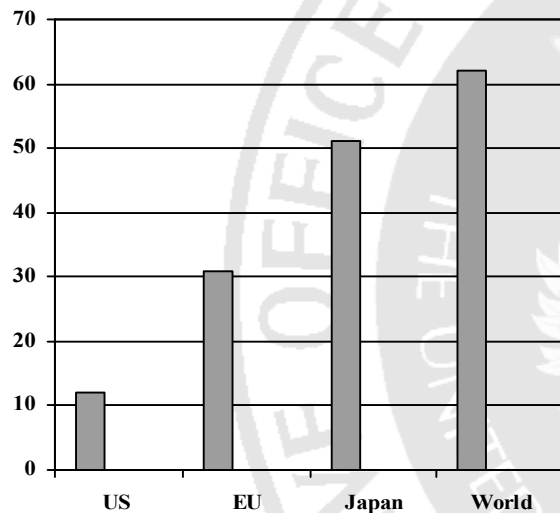
# WTO in 2004

## *Proposals for Progress*

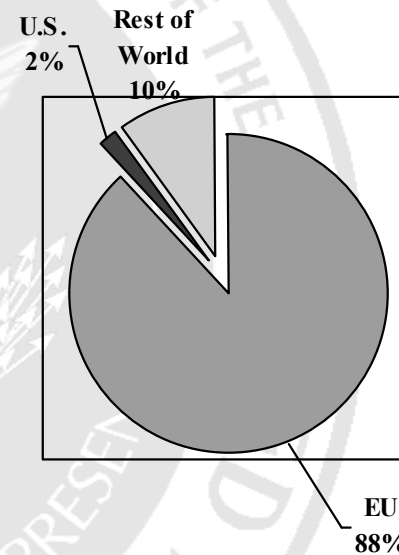
- **Challenge: 147 economies, need to develop broad consensus**
- **U.S. leadership:**
  - **January letter to all Ministers**
  - **February strategic dialogue with more than 40 countries**
  - **March/April: Geneva agriculture meetings**
- **A focus on “3 pillars” in agriculture:**
  - **Eliminate export subsidies by date certain**
  - **Substantial cuts & harmonization in trade-distorting domestic support**
  - **Market access to developed and major developing economies**
- **Other key elements:**
  - **Don’t let “Singapore Issues” distract from core agenda**
  - **Manufactured goods: tariff cuts, non-tariff barriers**
  - **Services: get more (and better) offers on the table from others**

# Core Problems in Agricultural Trade

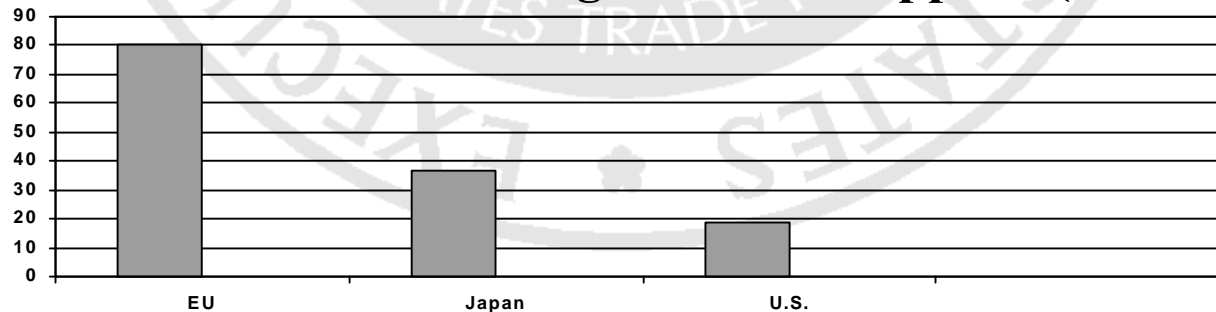
**Avg. WTO Allowed Tariff (%)**



**Export Subsidy Expenditures**



**Allowed Trade-Distorting Domestic Support (\$billion)\***



\*Data reflects current exchange rates.

# Regional Initiatives

*Help build WTO consensus*

- **FTAA**
  - Agreement on common set of rights and obligations
  - Creates incentives for countries to do more
- **Enterprise for ASEAN Initiative**
  - Network of FTAs in South East Asia
  - TIFAs are stepping stones
- **Middle East Free Trade Area**
  - Already have TIFAs with 9 countries in the region
  - Offer graduated steps to encourage reforms

# Why Bilaterals?

- **Doha remains our top priority, but we don't want our trade agenda to be held hostage by one negotiation**
- **Our new and pending FTA partners:**
  - 300 million people
  - World's 6<sup>th</sup> largest economy
  - 5<sup>th</sup> largest market for U.S. agriculture exports
  - \$4.2 billion in U.S. agriculture exports
- **FTAs could increase farm exports to these countries substantially**
- **Thailand, Colombia are good opportunities for U.S. agriculture:**
  - Record levels of U.S. ag exports to Thailand in 2003, including beef, pork, horticulture, and soybeans
  - Colombia largest market for U.S. ag products in South America, including corn, wheat, soybeans, and cotton

# CAFTA + D.R.

## *Highlights for U.S. Agriculture*

- **Today 99% of CAFTA/DR farm goods enter the U.S. duty-free... without reciprocal U.S. access. Our FTA levels the playing field.**
- **More than half of current U.S. farm exports duty-free immediately**
  - **Includes apples, french fries, soybeans, wheat, and cotton**
- **Farm Bureau: FTA could mean \$1.5 billion for U.S. farmers**
- **Sugar handled with care:**
  - **Increased access = 1.3% of U.S. production; no change in above-quota tariffs**
- **Strong transparency, anti-corruption, and good governance rules**
- **Strong labor and environment protections**
- **D.R. assumes the same basic set of obligations and commitments**

# Australia FTA

## *Highlights for U.S. Agriculture*

- **All U.S. farm exports duty-free from day one:**
  - **Benefits processed foods, oilseeds and oilseed products, fruits and juices, vegetables, nuts, and distilled spirits**
- **Sensitive products “handled with care”:**
  - **Dairy: didn’t touch the above-quota tariff, modest quota increase**
  - **Beef: quotas grow slowly; above-quota tariff phases-out over 18 years, back-loaded. Safeguards available during and after transition.**
  - **Sugar: access unchanged**
  - **TRQs: avocados, cotton, peanuts, and tobacco**
- **SPS commitments:**
  - **Affirms WTO Agreement**
  - **Establishes SPS structure to work through problems on scientific basis**
  - **Gained market access for table grapes**
  - **Risk assessments on track for pork, stone fruit, poultry, and Florida citrus**

# Morocco FTA

## *Highlights for U.S. Agriculture*

- **U.S. farmers gain new tools to compete with Canada and the EU**
- **Beef and poultry get new access to a market that was formerly closed**
- **Wheat and almonds: new TRQs could mean 5x increase in wheat exports, 2x increase for almonds**
- **Significant tariff cuts: corn, soybeans, corn and soybean products**
- **Immediate duty-free access: cranberries, pistachios, pecans, whey products, processed poultry products, and pizza cheese.**
- **Zero tariffs within 5 years: walnuts, grapes, pears, and cherries.**
- **Olives: Special rule of origin & long phase-out of tariff on product with most trade**

# Trade with China

- **China is a major market:**
  - **U.S. agriculture exports grew 140% from 2002-2003**
  - **Now America's 5<sup>th</sup>-largest export market for agriculture**
- **U.S. soybeans bring home more money from China than U.S. airplanes: \$2.9 billion**
- **JCCT: Elevated dialogue brought good results to U.S. farmers, businesses, workers, and consumers**
  - **More biotech approvals: soybeans, corn**
  - **Transparency in TRQ administration: wheat, cotton**
  - **Commitments on standards, IPR, trading/distribution rights**

# Looking Ahead

- **The challenge:** to manage global economic and technological changes
- **Economic isolationism won't work** - will kill jobs and opportunities
- **Trade benefits Americans:** more markets, more choices, lower prices, good jobs
- **Our strategy:**
  - **Open new markets for U.S. products and services through new trade agreements**
  - **A level playing field: monitor and enforce existing trade agreements**
  - **Continue cutting hidden import taxes that hurt working families**
  - **Keep America open to “insourced” jobs and investment**
  - **Help Americans adjust to change (education, worker training, portable pensions, ability to keep and save hard-earned dollars)**
  - **Remember that a world where poor people have no hope is not good for America's future**